

FISCAL NOTE

SB 1170 - HB 2133

March 20, 2005

SUMMARY OF BILL: Authorizes the legislative body of any county to enact a realty transfer tax not to exceed the rate of the state realty tax (currently \$0.37 per \$100). The proceeds of the tax would be dedicated to debt service payments and issuance costs for debt incurred for school purposes. County registers would be authorized to retain 2.5% of the tax collected and to receive a fee of \$1.00 for issuing a receipt. Additionally, the bill would authorize counties to establish a program to provide rebates to low income, elderly and disabled individuals.

ESTIMATED FISCAL IMPACT:


Increase Local Govt. Revenues – Exceeds \$1,000,000/Permissive
Increase Local Govt. Expenditures – Exceeds \$100,000/Permissive

Assumptions:

- If the local realty transfer tax is enacted and equivalent to the state rate, Davidson, Knox, Shelby, and Williamson Counties could generate an average of approximately \$20,000,000. Blount, Hamilton, Knox, Montgomery, Rutherford, Sevier, Sumner, and Wilson Counties could generate an average of approximately \$9,000,000 and any of the remaining counties could potentially generate an average of \$645,000 of additional revenue. Such an increase would be permissive.
- Enactment of a rebate program for low-income, elderly, and disabled persons is estimated to result in a permissive increase in local government expenditures exceeding \$100,000.
- Local governments would experience an increase in expenditures due to administrative costs associated with the implementation of the provisions of the bill.
- The provisions of this bill are sufficient to authorize local governments to impose such a tax.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director